

SCHOOL FACILITIES BOARD
December 3, 2003
Vail, Arizona

The School Facilities Board held a board meeting at the Cienega High School School, 12901 E. Colossal Cave Road Vail, AZ 85641. The meeting began at approximately 11:15 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Conley, Patrice	Dr. Mary Radcliffe, Isaac ESD
Granillo, Pete	
Keenan, Brooks	
Vaughan, G. Keith	
Wicks, Michael	
Wright, John, Vice-Chair	
Vicki Salazar, Superintendent's Representative (non-voting)	
<u>Members Absent</u>	
Van Sittert, Logan, Chair	
McGee, Kate	
<u>Staff Present</u>	
William Bell, Executive Director	
Tim Brand, Facilities Deputy Director	
Candy Cooley, Deputy Director of MIS	
John Arnold, Deputy Director of Finance	
Judith Darknall, Assistant Attorney General	
Deborah Dominguez, Executive Assistant	
Kristen Landry, Public Information Officer	

Welcome

John Wright welcomed the School Facilities Board.

I. Call to Order

The Board Vice-Chair, John Wright, called the meeting to order at approximately 11:15 A.M.

II. Roll Call

There were seven Board Members present at this meeting, including Vicki Salazar of ADE, a non-voting member.

III. Approval of Minutes of November 6, 2003 Meeting

Keith Vaughan moved that the Board approve the Minutes for November 6, 2003. Mike Wicks seconded. Brooks Keenan requested a change in Agenda Item VIId. to read "Brooks Keenan would like *the SFB* to view the plans prior to going to the legislature."

The following items are listed in the order in which they appear on the agenda, not necessarily in the order in which they were discussed. Several items were reviewed out of order as they related to other items on the agenda.

IV. Director's Report

a. Deficiency Correction Update

This was an informational item only. The following issues were discussed.

- November 14, 2003 Status of Work and Performance
- PM Performance
- Cost Analysis
- Projected Schedule of Work

Mike Wicks said the meetings with the Project Managers seem to be working. The Project Managers are stressing to the contractor that the close-out documents are extremely important.

Brooks Keenan asked about the status of the Flex-Tech Litigation. Attorney Judith Darknall stated that December 5, 2003 is the last day for the judge to make a decision.

b. Building Renewal Sub-Committee

John Wright stated that there was still some uncertainty of the charge of this committee. He suggested that the work would be better served if there were more direction. Bill Bell concurred that there is more work to be done on this issue and requested to pull this item from the agenda. He also stated that the board should choose the members of this committee.

Pat Conley discussed several items:

Replacement of Portables: The database allows us to check the cost of portable repairs to see if the modular divisor is the correct number. We need to find out at what point portables become totally replaceable.

Cost of repairs for buildings: Ms. Conley suggested getting the 5-year Building Renewal Plan from the districts. She said the only way to see if we have an adequate Building Renewal formula is to see if it meets the needs of the future.

Student Capacity: Is this calculation still valid and accurate and what effect would it have if we examined the formula?

Definition of significant improvement: At what point do we decide to recompute the age based on *significant* improvement?

John Wright advised anyone with suggestions on the Building Renewal formula to see Ms. McGee or Mr. Bell.

c. Modification to the Parameters for the expenditure of Monies From the Building Renewal Fund Policy

Candy Cooley explained that this document was originally approved in 1999. Since then, there have been two changes to the Building Renewal Statute: to accommodate both the expenditure of Building Renewal Funds for the cost of moving portables and the inclusion of the limited preventive maintenance funding as allowable expenditures.

Mike Wicks said that in the past districts were not allowed to move portables if it made them deficient in space. He asked if this change would affect that rule. Candy Cooley stated that this change allows the expenditure of monies to move those portables but does not eliminate the statutory requirement to seek SFB approval of any movement of square footage between grade configurations.

Brooks Keenan moved that the Board approve the modification to the Parameters For The Expenditure Of Monies From The Building Renewal Fund policy submitted by SFB staff. Peter Granillo seconded. Motion passed on a 6-0 voice vote.

d. Lease-to-Own resolution

John Arnold explained that this Board Resolution authorizes the Executive Director to complete the lease-to-own agreement under the specified terms.

Pat Conley asked how much this resolution would add to the debt service. John Arnold stated that it would run three to four million dollars and said it was already added into the numbers previously given to the board.

Mike Wicks moved that the Board approve the staff recommendation to adopt the attached resolution authorizing the Board to approve the final interest rates and other terms such as terms of prepayment, and to execute and deliver necessary agreements including the master lease between the Board and the trustee. Keith Vaughan seconded. Motion passed on a 6-0 voice vote.

V. Assessment Deficiencies

a. Consideration of Ratification of Contracts for Deficiency Corrections Projects

Brooks Keenan moved that the Board ratify the contract awards for the School Facilities Board and the districts and vendors listed under agenda item V.a. Mike Wicks seconded. Motion passed on a 6-0 voice vote.

b. Consideration of Ratification of Change Orders for Deficiency Corrections Projects

Keith Vaughan moved that the Board ratify the change orders for the districts and vendors listed under agenda item V.b. Mike Wicks seconded. Motion passed on a 6-0 voice vote.

VI. Preventive Maintenance

- a. Consideration of Preventive Maintenance Plans including plans from: Benson Unified, Bicentennial Union High School District, Douglas Unified, J. O. Combs Elementary, Mohave Valley Elementary, Owens-Whitney Elementary, Paradise Valley Unified, Wenden Elementary, and Wickenburg Unified.

Keith Vaughan moved that the Board approve the School District's Preventive Maintenance Plans as presented. Brooks Keenan Seconded. Motion passed on a 6-0 voice vote.

VII. Consideration of 2004 Capital Plan New Construction Requests

a. Consideration of 2004 Capital Plan New Construction Requests

Peter Granillo moved that the Board approve the staff recommendations as follows:

1. That the Board approve the staff recommendation to fund a K-5 elementary school for 750 students for Fowler Elementary District to open in FY 06, with a total project cost of \$6,893,775.
2. That the Board approve the staff recommendation to fund the buildout of a core 6-8 middle school to accommodate the remaining 400 students for Fowler Elementary District to open in FY 06, with a total project cost of \$2,866,937.
3. That the Board approve the staff recommendation to fund a 6-8 middle school for 650 students for Vail Unified District to open in FY 06, with a total project cost of \$6,655,589.
4. That the Board approve the staff recommendation to fund a 9-12 high school for 800 students for Vail Unified District to open in FY 06, with a total project cost of \$13,382,848.

Pat Conley asked why Fowler was expected to open in 2006 and not 2007. Candy Cooley stated that the statute requires us to build a new facility when a school falls below the minimum square footage per student. Their student growth will consume that space within the time limit. Ms. Cooley also stated that staff would complete a second ADM check prior to the breaking of ground. She added that the district decides when to build the school.

Mike Wicks asked if staff and the district discuss how the district will operate a facility that they may not be financially ready for. Candy Cooley stated that staff does have a limited discussion with them, but does not have a statutory authority to ask them if they are financially ready to open a school. She added that districts should inform staff if they are not going to open a facility.

Brooks Keenan seconded. Motion passed on a 6-0 voice vote.

b. Consideration of New Construction Projects Review, Bids, Bid Packages and Change Orders, and Expansion/Change of Scope and Increased Project Cost

1. Keith Vaughan moved that the Board approve Maricopa Regional School District's request to go to bid on a School Facilities Board project in the amount of \$2,205,225 for a K-6 elementary school, project number 070199000-9999-001N. Brooks Keenan seconded. Motion passed on a 6-0 voice vote.

Pat Conley asked if the same conditions were placed on this district in that if the school were to fold all proceeds would revert back to the SFB. John Wright stated that those conditions were placed at the first approval of the project.

2. Keith Vaughan moved that the Board approve Tuba City Unified School District's request to go to bid on a School Facilities Board project in the amount of \$2,000,000 for a K-6 elementary school, project number 030215000-9999-001N. Peter Granillo seconded. Motion passed on 6-0 voice vote.

Keith Vaughan asked if the district needed to build a road. Tim Brand stated that the school is very close to a main road.

VIII. Consideration of Request for Land or Real Property Purchase, Lease, or Donation, including requests from:

a. Steps I and/or II

Keith Vaughan moved that the Board approve the staff recommendations as follows:

1. That the Board accept Staff recommendation to approve Dysart Unified School District's request to purchase land for a K-8 Elementary school site (project number 070289000-9999-018L), located in Rancho Gabriella subdivision, and move to Step III.
2. That the Board accept Staff recommendation to approve Dysart Unified School District's request to donation of land for a K-8 Elementary school site (project number 070289000-9999-019L), located in Sierra Montana subdivision, and move to Step III.

Keith Vaughan asked what the 1999 appraised value was. Tom Murphy from the Dysart School District stated that this was an agreement with the developer and the price locked in when the preliminary plat was registered which was in 1999. The appraisal still needs to be done, but in 1999 values.

Mr. Vaughan then asked if this violated any requirements with Luke Air Force Base. Mr. Murphy stated that both of the above projects are acceptable with the Air Force.

Peter Granillo seconded. Motion passed on a 6-0 voice vote.

b. Step III

This Item was pulled from the agenda.

IX. Annual Report:

Brooks Keenan moved that the board approve the DRAFT FY 2002-2003 Annual Report with the provision that the report will continue to be updated.

Brooks Keenan asked if the delayed projects should be noted. Candy Cooley stated that they should be and staff will make that change.

Pat Conley asked what the vendor expenditures in the New School Facilities Fund were. Candy Cooley stated that those are the Step III land expenditures that the SFB makes on behalf of the districts and include appraisals and environmental surveys. Ms. Conley then asked about the study of design elements. Ms. Cooley stated that the board has completed the contract with that firm.

Peter Granillo asked if the Board observed the women and minority business programs. John Arnold stated that staff tracked the women and minority business programs and examined previous bids. A high percentage, by dollar amount, of the contracts went to the minority businesses. He added that the SFB's activities ended prior to that executive order and there will not be any future direct contracting.

Pat Conley seconded. Motion passed 6-0

X. Finance Report

John Arnold updated the Board on the status of the three funds (Building Renewal, New School Facilities, and Deficiencies Correction) and the latest report from the auditor general.

Mr. Arnold explained that the staff is recommending asking for zero dollars for both New Construction and Deficiencies Corrections from the State Treasurer because there is enough cash to get the SFB through FY 2005. He recommended that the SFB rely on the existing statutory authority to issue \$200 million in lease-to-own money and ask the legislature to approve an additional \$50 million in lease-to-own authority.

Mike Wicks asked why the board is not asking the treasurer for the additional \$50 million. Mr. Arnold stated that right now we have \$200 million in authority and we believe we are going to need \$250 million. Therefore, the legislature will have to act again to authorize that money.

He explained that with lease-to-own monies, you have to lease 100% of that project. With cash, you could spend various amounts over fiscal years. The SFB needs \$250 million in authority and not cash.

John Wright asked what would happen if the legislature did not grant that authority. John Arnold explained that then staff would attempt to cash flow any remaining projects with the cash on hand and let the district break ground when they are prepared. If there were not enough cash on hand, staff would have to prevent a district from breaking ground until that cash was available.

Pat Conley said this means the three deferred districts will need to maintain the caps on their costs. John Arnold stated that \$41 million is set aside for those

districts and that amount is included in this budget. He stated that the Governor's Office and the legislature know this number is an estimate.

Keith Vaughan asked if an emergency arose and more money was needed, could we go back to the legislature. Mr. Arnold stated that staff believes they could go back to the legislature for more money.

Pat Conley asked if the Building Renewal calculations include the recent reports on improvements from the fall. Candy Cooley stated that the formula calculations run one year behind.

Peter Granillo moved that the board approved the FY 05 request to the treasurer as prepared by SFB staff. Brooks Keenan seconded motion passed on a 6-0 voice vote.

XI. Future Agenda Items

Keith Vaughan-Discussion about portables solving immediate problems

Pat Conley-PM fee schedule

5 year Building Renewal plan

Select bidders list

Common design elements study

Brooks Keenan-Legislative updates

Brooks Keenan-Board Members leaving

XIII. Public Comment

Dr. Mary Radcliffe, of Isaac ESD.

Dr. Radcliffe discussed the 43rd Avenue land issue. She stated that all parties have signed a document requesting dismissal of prejudice and stating that each party will bear their own fees.

She also expressed concern that staff is requesting a second appraisal for another parcel already approved to Step III. She is concerned about what will happen if the second appraisal comes in higher.

Adjournment

There being no further business Board Vice-Chair, John Wright, adjourned the meeting at approximately 12:50 P.M.

Approved by the School Facilities Board on _____, 2003

Logan Van Sittert, Chair